

Message Text

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TAGS: PINR PINT EAGR ECON PL

SUBJ: JAROSZEWICZ EXPLAINS ECONOMIC DIFFICULTIES

REF: WARSAW 6511

1. SUMMARY. SPEAKING TO THE POLISH PARLIAMENT (SEJM) ON SEPTEMBER 22, AND CARRIED LIVE ON PRIME-TIME TV, POLISH PREMIER PIOTR JAROSZEWICZ GAVE THE POLISH PEOPLE AS STRAIGHT-FORWARD AND HONEST A PRESENTATION OF THE DIFFICULT ECONOMIC SITUATION FACING THE COUNTRY AS IS LIKELY TO BE HEARD IN THIS PART OF THE WORLD.

WHAT JAROSZEWICZ SAID CONFIRMS THE SERIOUSNESS OF THE ECONOMIC SITUATION FACING THE POLISH LEADERSHIP AND HOW TOUGH THE CHOICES

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BEFORE IT IN FACT ARE. THE PREMIER PROMISED A TOUGH PROGRAM OF

AUSTERITY AND REQUESTED SELF-DISCIPLINE ON THE PART OF THE PUBLIC
IN THE DIFFICULT MONTHS AHEAD. END SUMMARY.

2. IN AN UNUSUALLY FRANK ADMISSION OF THE LEADERSHIP'S PAST MISTAKES PREMIER PIOTR JAROSZEWICZ DEPICTED THE CURRENT ECONOMIC SITUATION IN BLEAK TERMS AND SERVED NOTICE TO POLAND'S POPULACE THAT THINGS ARE NOT LIKELY TO IMPROVE IN THE NEAR FUTURE. BLAMING THE COUNTRY'S PRESENT DIFFICULTIES ON THE COMBINATION OF THREE SUCCESSIVE POOR AGRICULTURAL HARVESTS, POLAND'S IRRATIONAL PRICE STRUCTURE, ECONOMIC RECESSION AND INFLATION IN THE WEST AND POORLY THOUGHT OUT INVESTMENT PLANNING, JAROSZEWICZ'S SPEECH CARRIED MORE SALT THAN SWEETENER. HE ADMITTED THAT THE REGIME'S ABORTED ATTEMPT AT RAISING FOOD PRICES HAS ENGENDERED A GREAT DEAL OF "CONTROVERSY" AND THAT THE GOVERNMENT'S PROPOSALS "DID NOT WIN THE GENERAL SUPPORT OF SOCIETY." HE CHARGED THAT A DIFFICULT ATMOSPHERE FOR RATIONAL DISCUSSION HAD BEEN CREATED BY THOSE WHO REGARDED THE JUNE PROPOSITIONS AS FINAL AND WHO DID NOT UNDERSTAND THE "INTENTION" OF THE CONSULTATIONS.

3. IN STRAIGHT-FORWARD PROSE, JAROSZEWICZ ADMITTED THAT THE REGIME HAD BEEN UNABLE TO ADEQUATELY SUPPLY THE MARKET. POOR CLIMATIC CONDITIONS IN THE LAST THREE YEARS HAD SADDLED POLAND WITH CROP SHORTFALLS OF 6 MILLION TONS OF GRAIN AND 15 MILLION TONS OF POTATOES. CITING SHORTAGES OF FODDER AND HAY, JAROSZEWICZ INDICATED THE REGIME'S INTENTION TO IMPORT 7 MILLION TONS OF GRAIN, DESPITE THE HARD-CURRENCY EXPENSE INVOLVED. THE LACK OF FODDER HAD CAUSED, HE SAID, A DROP IN THE NUMBERS OF LIVESTOCK. POLAND NOW HAS A SHORTAGE OF NEARLY ONE MILLION HEAD OF BEEF AND 2.5 MILLION HOGS. THE RESULT OF THE FALL IN AGRICULTURAL PRODUCTION COUPLED WITH THE RAPID GROWTH IN DISPOSABLE INCOME OF THE POPULACE HAD DEEPEENED THE DISPROPORTIONS BETWEEN SUPPLY AND DEMAND FOR MEAT AND AGRICULTURAL PRODUCTS.

4. JAROSZEWICZ CLAIMED THAT DELIVERIES OF MEAT, POULTRY, AND MEAT PRODUCTS IN THE FIRST EIGHT MONTHS OF 1976 HAD INCREASED BY EIGHT PERCENT IN COMPARISON WITH 1975. THE PREMIER ADMITTED, HOWEVER, THAT THE GOVERNMENT'S SUCCESS IN SUPPLYING THE MARKET HAD BEEN AT BEST MIXED. GRAINS AND FATS WERE DELIVERED IN ADEQUATE QUANTITIES -- SUGAR AND MEAT WERE NOT.

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5. JAROSZEWICZ ANNOUNCED THE REGIME'S PLANS TO PROVIDE ADDITIONAL SUPPLIES OF BASIC FOODSTUFFS INCLUDING GRAINS, FATS AND DAIRY PRODUCTS. WHILE ADMITTING THAT THE DEMAND FOR MEAT COULD NOT BE COVERED, JAROSZEWICZ GAVE THE GOVERNMENT'S ASSURANCES THAT BASIC FOOD PRICES WOULD NOT BE CHANGED FOR AT LEAST ANOTHER YEAR. DOMESTIC MEAT SUPPLIES WILL BE AUGMENTED BY IMPORTS OF MEAT TOTALING 40 THOUSAND TONS WHICH HAVE ALREADY BEEN CONTRACTED FOR AND ANOTHER 30 THOUSAND TONS WHICH ARE BEING NEGOTIATED FOR AT

THE PRESENT TIME. JAROSZEWICZ STATED FRANKLY THAT IT WOULD NOT BE POSSIBLE FOR POLAND TO IMPORT PORK MEAT AND EXPRESSED HIS HOPE THAT CONSUMERS WOULD "UNDERSTAND" THE SITUATION.

6. TURNING TO OTHER ECONOMIC PROBLEMS, JAROSZEWICZ REPEATED THE FAMILIAR REFRAIN THAT POLAND MUST FIND WAYS OF STEPPING UP ITS EXPORTS TO THE WEST IF IT IS TO CONTINUE TO ENJOY THE FRUITS OF THAT TRADE. THE LARGE INCREASE IN AGRICULTURAL IMPORTS NECESSITATED BY THIS YEAR'S POOR HARVEST WOULD MAKE THE TASK THAT MUCH MORE DIFFICULT. THE PREMIER POSITIVELY ASSESSED RECENT TRENDS IN POLAND'S TRADE, CITING THAT IMPORTS IN THE FIRST EIGHT MONTHS OF 1976 HAD BEEN LESS THAN PLANNED.

7. JAROSZEWICZ ACKNOWLEDGED THAT ABOVE-PLAN INVESTMENT REMAINED A PROBLEM, ALTHOUGH HE NOTED SOME PROGRESS HAS BEEN MADE IN CURBING UNNECESSARY AND MARGINAL INVESTMENTS IN RECENT WEEKS. HE SERVED NOTICE THAT FINANCIAL CONTROL OVER INVESTMENT UNDERTAKINGS WOULD BE STRENGTHENED AND THAT CLAMPS ON MARGINAL PROJECTS WOULD BE KEPT ON IN THE FORESEEABLE FUTURE. IN MAKING A BOW TOWARD PRIVATE FARMERS, JAROSZEWICZ VOICED THE REGIME'S CONTINUED SUPPORT FOR "PROGRESSIVE PEASANTS" AND INDICATED THE GOVERNMENT'S INTENTION TO USE CREDITS AS A MEANS FOR INCREASING AGRICULTURAL AND MEAT OUTPUT. LOOKING TO THE FUTURE, THE PREMIER STATED THAT INVESTMENTS IN AGRICULTURE AND FOR CONSUMER GOODS PRODUCTION WOULD BE GIVEN PRIORITY ALONG WITH PROJECTS THAT YIELD EXPORTS.

8. WHILE NOT OFFERING ANY HINTS ABOUT FUTURE PROGRAMS, JAROSZEWICZ TOOK INDUSTRY TO TASK FOR PRODUCING SHODDY, UNSALEABLE GOODS AND WASTING ENERGY AND RAW MATERIALS. THE ECONOMY MUST BE BETTER REATIONALIZED AND PRODUCTION STRUCTURED TO THE NEEDS OF THE DOMESTIC ANF FOREIGN MARKETS IF POLES ARE TO LIVE BETTER, HE SAID. ONE BRIGHT NOTE IN AN OTHERWISE GLOOMY PICTURE WAS THE NEWS THAT COALMINERS HAD EXTRACTED 1.1 MILLION MORE TONS OF COAL IN THE LIMITED OFFICIAL USE

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FIRST EIGHT MONTHS OF 1976 THAN IN THE SAME PERIOD LAST YEAR. JAROSZEWICZ PLEDGED THAT THE GOVERNMENT WOULD DO ITS PART TO CUT WASTEFUL EXPENDITURES AND IMPROVE ECONOMIC PLANNING.

9. COMMENT: JAROSZEWICZ WENT FARTHER THAN ANY CURRENT GOVERNMENT LEADER IN ADMITTING THE DIMENSIONS OF THE ECONOMIC PROBLEMS FACING POLAND. HE WAS MORE OPEN IN DISCUSSING THE PRICE-RISE DISTURBANCES, AND HE PRESENTED NEW FIGURES DESCRIBING THE PLIGHT OF AGRICULTURE. WHILE THE PREMIER DID HIS BEST TO SHOW THAT THE GOVERNMENT WAS DOING WHAT IT COULD TO AUGMENT MEAT SUPPLIES, HE OFFERED LITTLE IN THE WAY OF A NEW STRATEGY FOR FACING THE DIFFICULTIES AHEAD. THE SPEECH WAS CLEARLY AIMED AT DEFUSING POPULAR TENSIONS, BUT THE LACK OF ANY CONCRETE PROPOSALS FOR DEALING WITH POLAND'S PROBLEMS SHOWS THAT THE GIEREK GOVERNMENT IS STILL SUFFERING FROM ACUTE POLICY DRIFT. THE JAROSZEWICZ

SPEECH REPRESENTS A TEMPORARY VICTORY FOR THOSE IN THE PARTY AND
GOVERNMENT WHO BELIEVE THAT THE LEADERSHIP SHOULD HAVE BEEN
MORE CANDID WITH THE POLISH PEOPLE BEFORE THE JUNE 24-25 PRICE
HIKES. END COMMENT.
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